

Mid-Week Markets Recap: March 4, 2026

Key Takeaways

- Financial markets reacted adversely early Monday morning in response to the ongoing conflict with Iran
 - Investors are forced to come to terms with the possibility of an extension of the conflict with Iran
 - Apple launches a wide range of products targeting multiple consumer segments
 - Broadcom displays resilience in its Semiconductor and Infrastructure Software segments
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Markets Forced to Digest Political Uncertainty as Conflict with Iran Scales

“Markets turn defensive as investors rotate from Risk Assets to Safe Havens amid Iran Conflict”

Early Monday morning many of the major U.S. indexes were down in response to ongoing conflict within Iran. As risk and geopolitical uncertainty start to rise many investors rotate out of risk assets, such as equities for example, and instead move into haven-assets such as the dollar and precious metals.

As Dollar Index futures start trading Sunday evening, investors were able to see this scenario play out in real-time. Not only had the dollar risen, but so had the Swiss Franc, another currency also seen as a haven asset due to its history of political neutrality. Alongside this markets had also seen the price of gold rise, another asset class that falls within the haven status. In the past, this principle in the past has also seen the yields on treasuries fall, but this wasn't the case this time around.

The conflict in Iran has caused oil prices to surge following concerns regarding the Strait of Hormuz and what the potential implications are from its closure. Brent Oil was as high as \$80 a barrel, while WTI was as high as \$74 a barrel. Whether this surge is short-lived or extended is at the forefront of investors' minds, but even then, it has had its impact on capital allocation. The conflict in Iran, which has the potential to continue, has raised concerns regarding inflationary implications, and what this could mean for monetary policy. This sentiment drove yields higher to start the day, as many rotated out of treasuries. Alongside this, many bond traders have also shifted expectations surrounding the timing of the Fed's next rate cut two months forward.

Investors in today's market environment are being forced to navigate an increasingly narrow path when making asset allocation decisions. Many of the traditional relationships and assumptions, particularly those surrounding U.S. Treasuries, no longer hold with the same reliability they once did. Inflationary pressures

continue to dominate the macroeconomic landscape, and developments earlier this morning served as a reminder of how persistent these dynamics remain. Down the line if this conflict persists, and the Strait of Hormuz continues to be impacted, we could see those inflationary pressures that investors have been so concerned about coming to fruition.

Equities, often seen as a risk asset, will be directly impacted from this stance. As the risk-free rate remains elevated and conflict continues, not only does the potential of the equity risk premia rising occur, but so does that of margin compression. Increased inflationary pressures paired with elevated rates would not just compress multiples but also drive investor rotation out of this asset class. Looking ahead, greater emphasis must be placed on the trajectory of price movements and their implications, not only for investor allocation decisions, but also for the broader direction of monetary policy.

Geopolitical Tensions Continue to Scale

“Gains following yesterday’s sell-off reversed as markets priced in the potential extension of the conflict with Iran”

For the second consecutive day in a row, stock futures were down ahead of the open. While markets had behaved much the same on Monday morning, many of the losses were reversed by the EOD primarily through sustained dip-buying by investors. Much of these gains, however, were reversed in the following trading session.

Markets were forced to digest the extension of the Iranian conflict, as reports had come out that Iran had launched attacks on American bases situated within the Middle East, most notably the UAE and Saudi Arabia. The uncertainty surrounding this conflict has had investors on edge in terms of what its potential implications could be. President Trump has also not ruled out the possibility of situating American soldiers on Iranian soil, citing that he is prepared to do whatever it takes. The President had also announced that going into this conflict, he and his administration had predicted that it would last between four to five weeks.

Tuesday’s developments provided additional momentum to the dollar, which recorded its largest single-day gain since May 2025, reaching an intraday peak of 99.59. The renewed strength is not solely a function of inflation expectations but also reflects the dollar’s safe-haven appeal. In this latest risk-off environment, capital has rotated out of traditional equities and emerging markets and into the U.S. dollar and Treasuries. Importantly, part of this move has been driven by expectations that the Federal Reserve will maintain a higher-for-longer rate stance, a dynamic that has pressured non-yielding assets, with gold and silver declining approximately 4% and 8%, respectively.

When it comes to equities, a strengthening dollar carries mixed implications. For multinational technology companies such as Apple and Microsoft, foreign-currency revenues translate into fewer U.S. dollars, creating a currency headwind that can weigh on reported revenue and earnings. However, for domestic-heavy retailers like Walmart, import costs have been expected to fall while pricing power is expected to be maintained.

Moving forward, increased emphasis needs to be placed on the duration of this conflict, and whether it remains short-lived or prolonged. An extension would likely reaccelerate inflation expectations and intensify risk-off positioning, reinforcing the prevailing downside momentum.

Apple Debuts a New Suite of Technologies

“Apple’s recent product launches target cost-conscious consumers and individuals seeking greater efficiency”

On Monday, Apple announced the debut of the iPhone 17e, the company’s latest entry-level smartphone. This device targets consumers seeking a more affordable alternative to the iPhone 17 lineup released in 2025. The 17e starts at \$599, \$200 less than the base iPhone 17.

Similar to the base iPhone 17, the 17e utilizes Apple’s A19 processor, though it includes one fewer GPU core. The device also contains the same durability enhancements as the iPhone 17 but does not feature the dual rear camera system or the Dynamic Island display.

Alongside the 17e, Apple also introduced a new iPad Air powered by the company’s M4 processor. Previous generations utilized the M3 chip. According to Apple, the newer processor allows the iPad Air to be approximately 30% faster than the previous model. The updated version will also include 12 GB of RAM, compared with 6 GB in that of the prior generations.

A new line of MacBook’s had also been announced. The MacBook Air, and MacBook Pro, which were announced Tuesday, would utilize the latest M5 Pro and M5 Max Processors. The implementation of the M5 chip allows for significant gains in performance and artificial intelligence capabilities. The MacBook Air starts at \$1,099, while the MacBook Pro starts at \$2,199. The MacBook Neo was also introduced, though it was announced separately on Wednesday. The laptop is available in four distinct color options and features a smaller display compared to the traditional MacBook Air. The MacBook Neo has a starting price of \$599.

Outside of these product launches, Apple also highlighted an ongoing shortage of memory chips affecting production. This headwind is expected to place pressure on margins in the near term.

Broadcom Delivers Strong Earnings Beat and Lifts Guidance

“Broadcom’s recent earnings report reinforced the strength of AI-related demand, and temporarily alleviated investor concerns”

After the bell on Wednesday, Broadcom reported its highly anticipated first-quarter earnings as investors looked for signs that elevated AI-related spending remains sustainable. Revenue for the quarter had come in at \$19.31 billion, above analyst estimates of \$19.18 billion, and 29% higher from the previous year. Adjusted EPS was \$2.05 per share; analysts’ expectations were around \$2.03 per share. Broadcom had also announced that it had authorized up to \$10 billion in share buybacks for 2026.

What particularly caught investors' attention in the recent earnings report was the resilience of the company's AI semiconductor solutions segment, which provides custom AI accelerators and AI networking infrastructure. This segment delivered strong performance during the quarter, with revenue increasing 106% year-over-year to \$8.4 billion. Confidence in the segment's sustainability was further reinforced by management's forward guidance, which projects Q2 revenue of approximately \$10.7 billion. Overall, the company expects total revenue of around \$22 billion for the second quarter, exceeding consensus estimates of roughly \$20.5 billion.

The significance of this report is amplified by the broader environment in which it was released. Investors have remained increasingly focused on the level of spending taking place across the AI ecosystem and whether such investment can be sustained over the long term. These concerns have extended beyond hyperscalers and into the semiconductor sector, affecting companies such as Broadcom. Similar skepticism has also emerged within the software industry, where investors have questioned whether AI will disrupt existing revenue streams. In response, Broadcom reassured investors that its infrastructure software segment remains well positioned and is not being negatively impacted by AI-related developments. Instead, management emphasized that demand across both its semiconductor and software businesses continues to remain resilient. Taken together, these results helped reinforce the view that AI-related demand continues to support growth across multiple segments of the technology sector.